

Message Text

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63

ORIGIN EB-07

INFO OCT-01 EA-06 ISO-00 SP-02 AID-05 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 AGR-05 TAR-01 SWF-01 NSCE-00 SSO-00 INRE-00

/069 R

DRAFTED BY EB/OT/STA:JPCRAWFORD:CLJ

APPROVED BY EB/OT/STA:WCLARK,JR.

STR:BSTEINBOCK(SUBS)

EB/OT/TA:HBREWSTER

COMMERCE:RWARNER

TREAS:MFELDMAN

AGRICULTURE:WDOERING

EA/J:WPIEZ

STR:TGRAHAM

----- 080169

O 162224Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: PROPOSED CHANGES IN JAPAN TARIFF AND TAX ON

IMPORTED WINE

REF: TOKYO 16294

IN DISCUSSIONS WITH GOJ TUESDAY, DECEMBER 17, EMBASSY MAY
MAKE THE FOLLOWING POINTS REGARDING THE PROPOSED NEW TARIFF
AND TAX REGIME FOR WINE.

(A) SUBSTANTIAL INCREASE IN TAX RATE ABOVE PRICEBREAK

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IS CLEARLY MATTER OF CONCERN TO USG AND US WINE EXPORTERS,

AS IS THE CHANGE IN THE BASIS FOR DETERMINATION OF THE TAX RATE.

(B) ARBITRARY CHARGE OF 20 PERCENT IN ADDITION TO REGULAR DUTIES WOULD APPEAR TO PRICE ALL BOTTLED US WINE EXPORTS TO JAPAN ABOVE THE PRICEBREAK, THUS SUBJECTING BOTTLED US WINE EXPORTS TO THE HIGHER TAX RATE OF 75 PERCENT.

(C) USG BELIEVES THAT ADDITIONAL BORDER CHARGE CONSTITUTES AT LEAST A DE FACTO VIOLATION OF INTENT OF GATT ARTICLE III, PARAGRAPH 4, WHICH PROVIDES THAT IMPORTS "INTO THE TERRITORY OF ANY OTHER CONTRACTING PARTY SHALL BE ACCORDED TREATMENT NO LESS FAVORABLE THAN THAT ACCORDED TO LIKE PRODUCTS OF NATIONAL ORIGIN IN RESPECT OF ALL LAWS,

REGULATIONS AND REQUIREMENTS AFFECTING THEIR INTERNAL SALE, OFFERING FOR SALE, PURCHASE, TRANSPORTATION, DISTRIBUTION OR USE." ARBITRARY 20 PERCENT BORDER CHARGE APPEARS DESIGNED TO ENSURE THAT US WINE EXPORTS WILL NOT RECEIVE SAME TAX TREATMENT AS WINE PRODUCED IN JAPAN.

(D) FOR ABOVE REASONS, AND BECAUSE ADMINISTRATION CURRENTLY ENGAGED IN NUMEROUS SENSITIVE TRADE POLICY ISSUES WITH CONGRESS, AND BECAUSE WE ARE ABOUT TO ENTER INTO NEW PHASE OF TOKYO ROUND OF MULTILATERAL TRADE NEGOTIATIONS, EMBASSY IS REQUESTED TO ASK GOJ NOT TO IMPOSE THIS NEW PROTECTIONIST REGIME ON WINE. IF GOJ APPEARS INTENT ON PROCEEDING, USG WOULD LIKE OPPORTUNITY TO ASSESS IMPACT AND TO CONTINUE DISCUSSIONS BEFORE GOJ MAKES FINAL DECISION. KISSINGER

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Draft Date: 16 DEC 1974
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Disposition Approved on Date:
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Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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